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C O N F I D E N T I A L SECTION 01 OF 02 VILNIUS 000855

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SUBJECT: LITHUANIA'S SEIMAS ELECTION: CONSERVATIVES FARE
WELL IN FIRST ROUND

Classified By: Ambassador John A. Cloud for reasons 1.4 (b) and (d).

1.(U) SUMMARY. Seventy-three of the Parliament's 141 seats were decided in the first round of elections on October 12. The remainder will be decided in the runoff elections on October 26. The opposition Conservatives were the biggest winners of the seven parties who beat the five percent threshold, with 19 percent of the vote. The new National Revival Party did better than expected, finishing in second place. The disappointing third place finish by the populist Order and Justice Party could mean they will be frozen out of any coalition. The ruling Social Democrats finished fourth. The Conservatives are in a good position to negotiate with other parties to form a coalition, though they could be left out of a center-left coalition. The parties that did well in the first round are pro-NATO and pro-EU and we expect they will continue Lithuania's current pro-Western foreign policy path. End Summary.

Conservatives Fared Well

12. (U) Seven parties passed the five percent threshold to earn seats through the party list. The 70 seats available through the party list were distributed as follows:

Conservatives	17
National Revival	13
Order and Justice	11
Social Democrats	11
Labor	8
Liberal Movement	5
Liberal and Center Union	5.

In addition, three of the 71 single mandate candidates received more than 50 percent of the vote and will not face a runoff: two Social Democrats and one member of the Polish Electoral Action party. The October 26 runoff will determine the remaining 68 seats.

Runoff Elections

13. (U) The Conservatives' favorable results may well be repeated in the single mandate district runoffs. With 25 first place finishers and 19 second place finishers in the first round, they are sure to come away with a fair number of additional seats. The other parties' first round results don't even come close: Social Democrats (15 first place and 11 second place), Order and Justice (5 and 11), Liberal Movement (5 and 4), Liberal and Center Union (3 and 7), Labor (5 and 0) and National Revival (0 and 8). In total, there are nine parties that could win seats in the runoffs. There are also five independent candidates with a chance to win a seat via the runoff election.

Possible Coalitions

14. (U) Although real bargaining won't begin until after the runoffs, there are probably three possible coalitions. One would be a Conservative-led right-center coalition. It would require the participation of the new National Revival party, led by comedian Arunas Valinskas, as well as the two Liberal parties. Another possibility is a rainbow coalition with the

Conservatives, Social Democrats, and others -- probably the two Liberal parties and National Revival. A third possibility is a center-left coalition including the Social Democrats, Labor, National Revival, and Liberal Center Union.

Some politicians do not want to work with the Order and Justice party, led by impeached ex-President Rolandas Paksas, and the numbers make it look like it could be frozen out of any coalition.

Disappearing Parties

15. (U) Several parties that looked reasonably strong prior to the elections have almost disappeared from Parliament, including current coalition partners Social Liberals and Peasants. The ailing Civil Democrats and the new, far left Front have also effectively disappeared from national politics. Of these four parties, only the Peasants have a chance to hold an MP seat, through the runoff elections.

Turnout and Invalid Referendum

14. (U) Turnout was 48.42 percent, slightly more than in 2004 (46.08 percent). Turnout may have been helped a bit by a "consultative" referendum about whether the public felt the Ignalina Nuclear Power Plant should stay in operation until a new power plant is built. (Note: Lithuania promised to close the Chernobyl-style reactor by the end of 2009 in its EU accession treaty. A new nuclear power plant is likely to take until at least 2015 to be built, more likely longer.) Although voters were in favor of the extension by a large margin (88 percent), according to the Lithuanian Constitution, a referendum is invalid unless voter turnout is

VILNIUS 00000855 002 OF 002

greater than 50 percent.

Comment

16. (C) By and large, the parties that did well in the first round are pro-NATO and pro-EU; they can be counted on generally to continue along Lithuania's current pro-Western foreign policy path. In addition, if a center-right coalition forms, it might mean that some needed domestic reforms would be re-launched. But the Conservatives are not always liked by other parties, due to their loyalty to their strong (anti-Russian and pro-business) principles. The two weeks before the runoffs will be a time of intense politicking and positioning for the future. Paksas's past makes him an unattractive partner for some; many Conservatives would rather be out of power than work with him, and the National Revival Party actively campaigned to keep him out of power. (Note: Valinskas was again quoted on election night saying he would not work with Paksas.) We view Liberal Movement as too loyal to its ideals to go into coalition with the Social Democrats, except as part of a rainbow coalition. This leaves Revival and Liberal and Center Union as the swing parties, key to any viable government.

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